

Exhibit A

REDACTED - FOR PUBLIC INSPECTION

November 21, 2017

Via Email

RHC Review
Rural Health Care Program
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

Re: Response of GCI Communication Corp. to RHC Telecommunications Program –
Rural and Urban Rate Information Request

Dear RHC Review,

GCI Communication Corp. (“GCI”) is a service provider in the Rural Health Care (“RHC”) Telecommunications Program. On November 3, 2017, one hundred and one (101) Rural and Urban Rate Information Requests were received from the RHC Telecommunications Program by the Health Care Providers (“HCP”) for which GCI is the service provider. GCI hereby provides this comprehensive response to the 101 information requests.¹

GCI requests confidential treatment of the enclosed documentation pursuant to Sections 0.457 and 0.459 of the Federal Communications Commission’s (“FCC”) rules, 47 C.F.R. §§ 0.457, 0.459, and requests the withholding of the designated information from any future public inspection. Additional information to support this request is below.

GCI prepared the attached excel spreadsheet (attached hereto as **Exhibit A**) to provide a comprehensive and easy-to-read response to the information requests. The information in the spreadsheet is supplemented by information contained in this letter. We refer to this spreadsheet throughout this response as the FRN Spreadsheet.

¹ GCI requested permission to provide one comprehensive response to the 101 information requests. RHC Review granted GCI permission to file one comprehensive response via an email sent on November 8, 2017. GCI also requested an extension to respond to the requests. RHC Review granted a seven (7) day extension to submit the information via an email sent on November 10, 2017, and further provided a three (3) day extension—for a total of a ten (10) day extension—via an email sent on November 15, 2017.

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FRN Spreadsheet

The FRN Spreadsheet contains the following information for the 101 information requests:

Column	Title	Description
A	Customer	Abbreviated Customer Name
B	HCP Name	Name of Health Care Provider
C	HCP Number	Number Assigned to Health Care Provider
D	FRN	Funding Request Number
E	Mpbs	Number of Mbps for the service in the FRN
F	Service Description	Description of the service in the FRN (<i>e.g.</i> , MPLS)
G	Type	Type of symmetric broadband telecommunications services that GCI provides to the HCP, <i>i.e.</i> , over GCI's microwave network, TERRA, and/or via satellite systems
H	Urban Rate	Urban rate in the contract
I	Rural Rate	Rural rate in the contract
J	Per Mbps Rate	Per Mbps rate of the Rural Rate referred to in Column I
K	Eligible Services: Supporting Documentation	Response to Eligible Service(s) Q#1
L	Eligible Services: Ineligible Costs	Response to Eligible Service(s) Q#2
M	Eligible Services: Build-out/Infrastructure Costs	Response to Eligible Service(s) Q#3
N	Urban Rate: Where Derived	Response to Urban Rates Q#1
O	Urban Rate: Supporting Documentation & Explanation	Response to Urban Rates Q#2
P	Rural Rate: Method for Determining Rural Rate	Response to Rural Rate Q#1
Q	Rural Rate: Geographic Area	Response to Rural Rate Q#2
R	Rural Rate: Commercial Customer Average	Response to Rural Rate Q#2

The questions in the information requests are copied and pasted below. The reference to the location of the response in the FRN Spreadsheet is noted below the question. In addition, any further explanation is also provided below the question.

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Eligible Services

- (1) Please provide an itemization, with supporting documentation, of all charges for eligible and ineligible items included in the monthly recurring charge (MRC). If the documentation does not specifically delineate the total costs of the equipment and services, please provide information that describes how the costs are allocated among all eligible and ineligible items (which requested funding for recurring service).**

Supporting documentation that provides an itemization of all charges for each HCP is attached hereto as **Exhibit B. Column K** of the FRN Spreadsheet contains a reference name for each supporting document. The relevant line item within each invoice is highlighted. There are four (4) HCPs for which the services have not commenced. Accordingly, for those four, GCI has not commenced billing and there is no applicable invoice. For these HCPs, GCI has included the relevant contract with the relevant item highlighted within the contract.

- (2) To the extent the FRN(s) include(s) ineligible costs, please explain in detail the nature of the ineligible equipment/services included and their respective charges and provide documentation identifying the charges associated with each.**

Column L of the FRN Spreadsheet contains the response to this question. There are no ineligible items, such as equipment or non-telecommunications services, included in the FRNs.

- (3) All build-out and/or infrastructure costs must be cost-allocated and may not be included in the monthly recurring charge included in the FRN(s). Please describe all build-out and/or infrastructure costs or recovery costs associated with build-out and/or infrastructure included in the FRN(s). This description should include an itemization of those charges to the extent not already itemized in response to question (2) above.**

Column M of the FRN Spreadsheet contains the response to this question. There are no build-out and/or infrastructure costs or recovery costs included in the monthly recurring charge (MRC) in the FRNs.

Urban Rates

- (1) Please explain how an urban rate was derived for the FRN(s).**

Column N of the FRN Spreadsheet contains the response to this question. GCI derived the urban rates used for the FRNs from its published rate table for MPLS service in Anchorage (“Anchorage MPLS Rate Table”).

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- (2) Please provide documentation to support this urban rate, including, but not limited to, documentation that supports that the urban rate for the requested service is “no higher than the highest tariffed or publicly-available rate charged to a commercial customer for a functionally similar service” in any city with a population of 50,000 or more in that state.” Please include in your explanation how the HCP’s request for service is functionally similar to the service used for purposes of this comparison.

Column O references the response to this question, and the information below further explains the response applicable to each FRN.

GCI publishes an Anchorage MPLS Rate Table on its website. This table, with prices valid July 1, 2017, is attached hereto as **Exhibit C** and is available by clicking [here](https://static1.squarespace.com/static/56aa496dd82d5e1fa024d21f/t/58ee784b29687fbef7988018/1492023372766/Anchorage+MPLS+Urban+Rate+Table+2017-07-01.pdf) (the link is: <https://static1.squarespace.com/static/56aa496dd82d5e1fa024d21f/t/58ee784b29687fbef7988018/1492023372766/Anchorage+MPLS+Urban+Rate+Table+2017-07-01.pdf>).

Anchorage is the largest city in Alaska with a population of approximately 300,000. GCI uses the Anchorage MPLS Rate Table to determine rates charged to commercial customers. The MPLS service in the Anchorage MPLS Rate Table is the same service under the FRNs and, therefore, is functionally equivalent. The urban rate for each FRN is listed in **Column H** in the FRN Spreadsheet. The urban rate for each FRN is equal to or lower than the rates in the Anchorage MPLS Rate Table.

Rural Rate

- (1) The rural rate must be determined using one of the following three methods below. Please identify which method you used to determine your rural rate and provide an explanation as to how it was calculated. Note, pursuant to FCC rules, you are required to select (a), unless the service provider is not providing identical or similar services.
- a. The rural rate shall be the average of the rates actually being charged to commercial customers, other than HCPs, for identical or similar services provided by the service provider providing the service in the rural area in which the HCP is located. The rates included in this average shall be for “services provided over the same distance” as the eligible service. The rates averaged to calculate the rural rate must not include any rates reduced by universal service support mechanisms. If you used this method, please proceed to Question (2). If you did not use this method, please proceed to (b).

Column P of the FRN Spreadsheet contains the response to this question. GCI determines the rural rate using the method in 47 C.F.R. § 54.607(a), *i.e.*, the average of the rates actually being charged to commercial customers, other than HCPs, for identical or similar services provided by the service providing the service in the rural area in which the HCP is located.

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(2) If you selected (a) as your answer to Question (1), please explain how the monthly rural rate represents “the average of the rates actually being charged to commercial customers, other than health care providers, for identical or similar services provided by the service provider in the rural area in which the HCP is located.” This should include, but not be limited to, an explanation of the following:

- **The specific geographic region (e.g., county, Census tract) used to determine the rural rate and why this particular geographic region was used, including an explanation as to how you identified this particular region and the characteristics you used to identify it;**

Column Q contains the response to this question, and the information below further explains the response applicable to each FRN.

GCI provides symmetric broadband telecommunications services to medical facilities throughout Alaska predominantly over GCI’s microwave network (TERRA) and via satellite systems. In some instances, GCI uses a blend of TERRA and satellite services. In some areas outside of the TERRA network areas, TERRA or satellite is not utilized and, instead, GCI utilizes terrestrial service that is not on the TERRA network (“non-TERRA terrestrial”).

Alaska’s large size, varied terrain, harsh climate, isolated populations, and lack of infrastructure are well-known challenges.² As a result, the FCC generally divides the state into two areas for purposes of USF funding: remote and non-remote.³ The geographic region used to determine the rural rate for services on satellite (as indicated in **Column G** of the FRN Spreadsheet) is the “remote areas in Alaska,” which “includes all of Alaska except; (A) The ACS-Anchorage incumbent study area; (B) The ACS-Juneau incumbent study area; (C) The fairbankszone1 disaggregation zone in the ACS-Fairbanks incumbent study area; and (D) The Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the Matanuska Telephone Association incumbent study area.”⁴ (This area is referred to as “Remote Alaska.”)

Unlike satellite, TERRA is not available everywhere in Remote Alaska. It is only available in a subset of Remote Alaska that lies west of the Cook Inlet, is not on the highway system, and is part of the Alaska mainland. This area is comprised of communities that are geographically isolated from the other areas of the state and that are accessible only by boat or airplane. Unlike the southeastern region of Alaska, these communities are also not adjacent to the fiber routes

² See *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd. 10139, 10141 ¶ 5 (2016).

³ *Id.*

⁴ 47 C.F.R. § 54.307(e)(3)(i). See also *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd. 17663, 17835 ¶ 529 n.876 (2011), *aff’d sub nom. In re FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014).

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between Alaska and the Lower 48 states. (This area is referred to as “Remote Alaska – TERRA Areas” for purposes of the FRN Spreadsheet.)

It is impractical to further subdivide the state for TERRA and satellite because rates for these services generally are not based on geography and there would not be any commercial customers available to compare in many of the very remote locations where HCPs are served by TERRA and satellite. Accordingly, GCI uses the remote Alaska geographic region as defined the 47 C.F.R. § 54.307(e)(3)(i) to determine the rural rate for TERRA and satellite.

Rates for terrestrial services outside of the TERRA area are dependent on distance, which also tend to be much shorter than the distances covered in the TERRA area. Therefore, it is not practical to use Remote Alaska as the geographic area for determining the comparable commercial customer rates for terrestrial services. Moreover, GCI serves several commercial customers using terrestrial in these locations and, therefore, is able to use a more precise location to calculate an average. The geographic area used to determine the average rate for terrestrial customers is indicated in **Column Q**. These areas are: Ketchikan, Hoonah, Kodiak, Valdez, and Wrangell/Petersburg. Wrangell/Petersburg are treated as one geographic area as they are on two islands that are right next to one another and, therefore, can be treated as the same geographic area for purposes of average rates.

- **How the rural rate reflects the average of the rates actually being charged to commercial customers for identical or similar services, other than HCPs, by the service provider in the rural area in which the HCP is located. Note, quoted rates (e.g., a rate quoted by the service provider that was merely an offered price, but was not a quote that was accepted and therefore was not under contract) will not be accepted.**

Column R contains the response to this question, and the information below further explains the response applicable to each FRN.

There are few commercial customers of high bandwidth services in Remote Alaska that are not rural health care providers with an RHC subsidy or school districts under E-rate support. Nonetheless, the limited available comparisons show that the rates charged to the HCPs meet the requirements of 54.607(a). Specifically, GCI utilizes the per Mbps rate that it charges its limited commercial customers at locations within Remote Alaska to determine an average rate actually being charged to commercial customers. In order to develop comparable rates, GCI identified a common base network element—one Mbps—and all the rural rates and the comparable averages are reported on a per Mbps basis in the FRN Spreadsheet. All the FRNs reflected in the FRN Spreadsheet include per Mbps rates that are lower than GCI’s average of the rates actually being charged to commercial customers for identical or similar services (with one exception described below).

In order to compare identical or similar services, GCI calculates a separate average for each type of service. **Column R** depicts the average commercial customer rate based on the type of service for that particular HCP, which includes either a TERRA average, a satellite average, a

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blended TERRA/satellite average, and Internet average or a terrestrial average. All averages are based on the geographic area described above and listed in **Column Q**. **Exhibit D** contains the documentation of the per Mbps rates of GCI's commercial customers for the various types of services and geographic areas applicable to the HCPs.

*** BEGIN CONFIDENTIAL INFORMATION ***

[REDACTED]

*** END

CONFIDENTIAL INFORMATION *** Accordingly, the satellite average rate is included in **Column R** for these HCPs.

One comparable average rate requires further explanation. *** BEGIN CONFIDENTIAL INFORMATION ***

[REDACTED]

*** END CONFIDENTIAL INFORMATION ***

Confidentiality Request

GCI also requests confidential treatment of the contents of this letter and the attached documentation (the "Confidential Information"), pursuant to Sections 0.457 and 0.459 of the FCC's rules, 47 C.F.R. §§ 0.457, 0.459, and requests the withholding of the designated information from any future public inspection.

GCI requests confidential treatment of the portions of this letter marked as confidential, and the materials in **Exhibit A** (FRN Spreadsheet), **Exhibit B** (Eligible Services: Supporting Documentation), and **Exhibit D** (Customer Comparables).

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In support of GCI's requests for confidential treatment of the designated portions of the enclosed Confidential Information, GCI hereby states as follows:

1. Identification of Specific Information for Which Confidential Treatment Is Sought (Section 0.459(b)(1))

GCI seeks confidential treatment with respect to its responses to one hundred and one (101) Rural and Urban Rate Information Requests received from the RHC Telecommunications Program by the HCP for which GCI is the service provider.

2. Description of Circumstances Giving Rise to the Submission (Section 0.459(b)(2))

GCI is required to disclose the Confidential Information pursuant to the Rural and Urban Rate Information Requests issued by RHC Review. This is sensitive commercial information that GCI does not make otherwise publicly available. Public disclosure of these measures could cause competitive commercial harm to GCI.

3. Explanation of the Degree to Which the Information Is Commercial or Financial, or Contains a Trade Secret or Is Privileged (Section 0.459(b)(3))

The information for which GCI seeks confidential treatment contains sensitive "trade secrets or privileged or confidential commercial, financial or technical data," which would customarily be guarded from competitors.

4. Explanation of the Degree to Which the Information Concerns a Service that Is Subject to Competition (Section 0.459(b)(4))

The Alaskan wireline, wireless, and broadband market is subject to competition.

5. Explanation of How Disclosure of the Information Could Result in Substantial Competitive Harm (Section 0.459(b)(5))

Disclosure of GCI's Confidential Information would cause substantial competitive harm. *First*, disclosure would reveal in detail GCI's HCP customer information. GCI's competitors and customers could use this information to determine GCI's competitive position and associated revenues. *Second*, disclosure of GCI's Confidential Information would place GCI at a competitive disadvantage, as GCI lacks the same information regarding its competitors.

6. Identification of Any Measures Taken to Prevent Unauthorized Disclosure (Section 0.459(b)(6))

GCI does not distribute the Confidential Information to the public, government officials, competitors, or customers. Each page of the documentation containing any of the Confidential Information is clearly marked in bold-face type "GCI Proprietary – Not for Public Disclosure."

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7. Identification of Whether the Information Is Available to the Public and the Extent of Any Previous Disclosure of the Information to Third Parties (Section 0.459(b)(7))

GCI's Confidential Information is and shall remain unavailable to the public. As noted in part 6 above, GCI has not previously disclosed to third parties, other than the undersigned counsel, any of the Confidential Information.

8. Justification of Period During Which the Submitting Party Asserts that Material Should Not Be Available for Public Disclosure (Section 0.459(b)(8))

GCI requests that the Confidential Information not be disclosed for 10 years from the date of this request. By that time, the sensitivity of GCI's commercial information will have diminished, as market changes will render it increasingly dated, and would make it difficult for competitors to gauge GCI's current market position and revenues.

* * * *

We hope the foregoing information resolves the rural and urban rate information requests for the HCPs for which GCI provides service. Should you have further questions or require additional explanation or documentation, please contact me immediately so that I can provide further assistance to resolve this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Bagg".

Jennifer P. Bagg
Counsel to GCI Communication Corp.

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EXHIBIT A: FRN Spreadsheet (CONFIDENTIAL)

EXHIBIT B: Supporting Documentation (CONFIDENTIAL)

EXHIBIT C: Anchorage MPLS Rate Table

EXHIBIT D: Customer Comparables (CONFIDENTIAL)

FRN Justification Spreadsheet Redacted in Entirety

Supporting Invoices Redacted in Entirety



MPLS Rate Table

Port Speed	Monthly Recurring Charge		
	5 Year Term	3 Year Term	1 Year Term
Anchorage Service Location			
1 Mbps	\$135.00	\$149.00	\$162.00
1.5 Mbps	\$135.00	\$149.00	\$162.00
2 Mbps	\$140.00	\$154.00	\$168.00
3 Mbps	\$196.00	\$216.00	\$236.00
4 Mbps	\$200.00	\$220.00	\$240.00
5 Mbps	\$200.00	\$220.00	\$240.00
6 Mbps	\$200.00	\$220.00	\$240.00
7 Mbps	\$200.00	\$220.00	\$240.00
8 Mbps	\$200.00	\$220.00	\$240.00
9 Mbps	\$200.00	\$220.00	\$240.00
10 Mbps	\$200.00	\$220.00	\$240.00
12 Mbps	\$215.00	\$237.00	\$258.00
15 Mbps	\$225.00	\$248.00	\$270.00
17 Mbps	\$240.00	\$264.00	\$288.00
20 Mbps	\$250.00	\$275.00	\$300.00
25 Mbps	\$298.00	\$328.00	\$358.00
30 Mbps	\$345.00	\$380.00	\$414.00
35 Mbps	\$393.00	\$433.00	\$472.00
40 Mbps	\$440.00	\$484.00	\$528.00
50 Mbps	\$500.00	\$550.00	\$600.00
60 Mbps	\$510.00	\$561.00	\$612.00
70 Mbps	\$532.00	\$586.00	\$639.00
80 Mbps	\$560.00	\$616.00	\$672.00
90 Mbps	\$585.00	\$644.00	\$702.00
100 Mbps	\$600.00	\$660.00	\$720.00

Prices are only valid at Anchorage locations with GCI facilities

Discounts apply for ports terminating at a GCI Service Aggregation Hub (SAH)

Prices are valid effective 7/1/2017

Non-Recurring Charges (NRC) are applicable and vary based on locations and termination equipment

Non-Recurring Charges may be waived.

Taxes and Surcharges may apply

Customer Comparables Sheet Redacted in Entirety